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February 5, 2021

VIA ELECTRONIC FILING

Ms. Jocelyn G. Boyd
Chief Clerk and Administrator
The Public Service Commission of South Carolina
Synergy Business Park
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Docket No. 2021-____-G
Application of Piedmont Natural Gas Company, Inc.
For Authorization to Flow-Through Alternative Fuel
Tax Credits to CNG Retail Sales Customers

Dear Ms. Boyd:

Attached for filing in the above-referenced docket is the Application of Piedmont Natural Gas Company, Inc. for Authorization to Flow-Through Alternative Fuel Tax Credits to CNG Retail Sales Customers.

Thank you for your assistance with this matter. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ T. Richmond McPherson III
T. Richmond McPherson III

TRM/sko

cc: Office of Regulatory Staff
Bruce Barkley
Pia Powers
James H. Jeffries IV

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2021-__-G

In the Matter of:)	
)	
Application of Piedmont Natural Gas)	
Company, Inc. for Authorization to)	APPLICATION
Flow-Through Alternative Fuel Tax)	
Credits to CNG Retail Sales Customers)	
)	

Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”), through counsel and pursuant Rule 103-823 of the Rules and Regulations of the Public Service Commission of South Carolina (“Commission”), respectfully requests authorization from the Commission for the flow-through of certain Alternative Motor Vehicle Fuel Excise Tax Credits to its customers receiving compressed natural gas (“CNG”) through a reduction in rates applicable to service under its Rate Schedule 242 and certain special contract fleet fueling agreements for the remainder of calendar year 2021. In support of this Application, Piedmont states as follows:

1. It is respectfully requested that any notices or other communications with respect to this Application be sent to:

T. Richmond McPherson III
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, North Carolina 28202
rmchpherson@mcguirewoods.com
Telephone: (704) 343-2038

2. Piedmont is a subsidiary of Duke Energy Corporation and is engaged in the business of transporting, distributing and selling natural gas in the states of South Carolina, North Carolina and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in South Carolina are subject to the jurisdiction of this Commission.

3. Pursuant to its Commission-approved Rate Schedule 242 and Commission-approved special contract fleet fueling agreements, Piedmont offers CNG for sale to the public for use as a motor fuel at several locations within its South Carolina service territory. Sales of CNG at these facilities are conducted solely by credit card, and payment by customers is made at the time of sale. The CNG sold at these stations is delivered directly into the fuel tanks of the CNG vehicles involved in the sale, including a large number of fleet-type vehicles.

4. Pursuant to Section 4041 of the Internal Revenue Code, 26 U.S.C. § 4041, all retail sales of CNG for use as an alternative motor vehicle fuel are subject to an excise tax in the amount of \$0.183 per gallon of gasoline equivalent. Under Internal Revenue Service (“IRS”) regulations, Piedmont is responsible for collecting this tax from its CNG customers at the time of sale and remitting such taxes to the IRS.¹

5. On February 18, 2020, in Docket No. 2020-66-G, Piedmont filed an Application seeking authorization to flow-through certain alternative motor vehicle fuel excise tax credits in effect at that time to its customers receiving CNG service through a temporary reduction in rates applicable to service under its Rate Schedule 242 and Commission-approved special contract fleet fueling agreements for the remainder of

¹ See 26 C.F.R. § 48.4041-21(a)(2) (2020).

calendar year 2020 (“2020 Petition”). The Company’s request in its 2020 Petition was similar to the Company’s current request.

6. By order issued on March 4, 2020, the Commission approved Piedmont’s 2020 Petition and authorized a temporary rate decrement to flow-through excise tax credits associated with the retail sale of CNG for motor fuel purposes under Piedmont’s Rate Schedule 242 and Commission-approved special contract fleet fueling agreements through December 31, 2020.

7. The authority to flow-through such tax credits through a rate decrement expired on December 31, 2020. On December 21, 2020, Piedmont filed a schedule reflecting the removal of the tax credit rate decrement effective January 1, 2021.

8. Pursuant to Public Law 116-260 (2020) and Section 6426 of the Internal Revenue Code, 26 U.S.C. § 6426, Congress recently extended a tax credit for all CNG sold at retail as an alternative motor vehicle fuel after December 31, 2020 through December 31, 2021. This credit is an offset to but does not replace or eliminate the excise tax obligations under Section 4041. The amount of the extended tax credit is \$0.50 per gallon of gasoline equivalent. Because this offset occurs in the form of a tax credit, the benefit will flow to Piedmont as the eligible taxpayer in the form of reduced tax obligations to the federal government if no further action is taken.

9. Therefore, Piedmont prefers that the credit generated as a result of sales to CNG customers be allocated to the customers who are paying the alternative motor vehicle fuel excise tax and who, in Piedmont’s judgment, should more properly receive the benefit of the credit. Piedmont’s reasoning is that (i) the credit acts, in part, to offset specific excise tax liability for CNG motor fuel sales which is currently paid by

Piedmont's CNG sales customers, and (ii) the credit is intended to encourage the use of CNG as an alternative motor vehicle fuel. Passing through this credit to Piedmont's CNG customers, as proposed herein (and in the 2020 Petition), will serve both these purposes.

10. In order to effectuate this flow-through of the alternative motor vehicle fuel excise tax credit to its CNG sales customers, Piedmont is proposing a temporary decrement in its rates under Rate Schedule 242 and for all retail sales of CNG for use as a motor vehicle fuel under special contract fleet fueling agreements from March 1, 2021 through the expiration date of the alternative motor vehicle fuel excise tax credit, which is December 31, 2021. This temporary rate decrement would be in the amount of \$0.50 per gallon of gasoline equivalent.

11. A schedule illustrating the impacts of Piedmont's proposal is attached hereto as Exhibit A and Piedmont's proposed Rates and Charges sheet reflecting this proposed credit is attached hereto as Exhibit B.

12. Piedmont submits that the relief requested herein is consistent with the public interest and promotes the expanded use of CNG as an alternative motor fuel.

13. Based on the foregoing, Piedmont respectfully requests Commission approval of the proposed reduction in its CNG rates under Rate Schedule 242, as well as under its Commission approved special contract fleet fueling agreements, in order to allow for the flow-through of alternative motor vehicle fuel excise tax credits back to the customers who are paying those taxes and utilizing CNG as a motor fuel effective March 1, 2021 through the end of calendar year 2021.

WHEREFORE, Piedmont Natural Gas Company, Inc. respectfully requests that the Commission grant authorization for Piedmont to implement its proposal to flow-through the excise tax credits associated with the retail sale of CNG for motor fuel purposes as described above.

Respectfully submitted this 5th day of February, 2021.

Piedmont Natural Gas Company, Inc.


/s/ T. Richmond McPherson III
T. Richmond McPherson III
McGuireWoods LLP
201 North Tryon Street, Suite 3000
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STATE OF NORTH CAROLINA

VERIFICATION

COUNTY OF MECKLENBURG

Kally Couzens, being duly sworn, deposes and says that she is Manager of Rates and Regulatory Strategy of Piedmont Natural Gas Company, Inc., that as such, she has read the foregoing documents and knows the contents thereof; that the same are true of her own knowledge except as to those matters stated on information and belief and as to those she believes them to be true.


Kally Couzens

Mecklenburg County, North Carolina

Signed and sworn to before me this day by Kally Couzens

Date: 2/5/2021 
Notary Public

(Official Seal)

My commission expires:

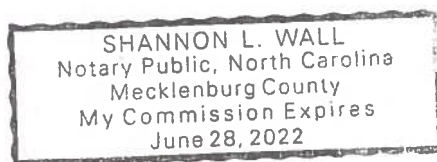
6/28/2022

EXHIBIT A

Piedmont Natural Gas Company, Inc.
South Carolina
Docket No. 2021-___-G, CNG Alternative Tax Credit Rate Decrement

	(a)	(b)	(c)
Rate Schedules:	February 2021 Current Billing Rates ¹	CNG Alt Tax Credit Rate Change	March 2021 Proposed Billing Rates
201 Residential Service			
Monthly Charge-winter	10.00	-	10.00
Monthly Charge-summer	8.00	-	8.00
Winter (Nov.-Mar.) per therm	0.84579	-	0.84579
Summer (Apr.-Oct.) per therm	0.78915	-	0.78915
202 Small General Service			
Monthly Charge	22.00	-	22.00
Winter (Nov.-Mar.) per therm	0.71934	-	0.71934
Summer (Apr.-Oct.) per therm	0.70555	-	0.70555
252 Medium General Service			
Monthly Charge	75.00	-	75.00
Winter (Nov.-Mar.) per therm	0.69355	-	0.69355
Summer (Apr.-Oct.) per therm	0.67976	-	0.67976
242 Natural Gas Vehicle Fuel Service			
Winter (Nov.-Mar.) per therm	0.57824	(0.39683)	0.18141
Summer (Apr.-Oct.) per therm	0.57824	(0.39683)	0.18141
Winter (Nov.-Mar.) per GGE ²	0.72858	(0.50000)	0.22858
Summer (Apr.-Oct.) per GGE ²	0.72858	(0.50000)	0.22858
243 Experimental Motor Vehicle Fuel Service			
Monthly Charge			
Winter (Nov.-Mar.)			
Summer (Apr.-Oct.)			
203 Large General Sales Service			
Monthly Charge	250.00	-	250.00
Billing Demand per therm	1.12500	-	1.12500
Winter (Nov.-Mar.) per therm			
First 15,000	0.44923	-	0.44923
Next 15,000	0.37952	-	0.37952
Next 75,000	0.33199	-	0.33199
Next 165,000	0.29325	-	0.29325
Next 330,000	0.23711	-	0.23711
Over 600,000	0.20854	-	0.20854
Summer (Apr.-Oct.) per therm			
First 15,000	0.37495	-	0.37495
Next 15,000	0.32382	-	0.32382
Next 75,000	0.29485	-	0.29485
Next 165,000	0.27468	-	0.27468
Next 330,000	0.23711	-	0.23711
Over 600,000	0.20854	-	0.20854
204 Interruptible Sales Service			
Monthly Charge	250.00	-	250.00
Winter (Nov.-Mar.) per therm			
First 15,000	0.46423	-	0.46423
Next 15,000	0.39952	-	0.39952
Next 75,000	0.35639	-	0.35639
Next 165,000	0.30925	-	0.30925
Next 330,000	0.25711	-	0.25711
Over 600,000	0.22854	-	0.22854
Summer (Apr.-Oct.) per therm			
First 15,000	0.38995	-	0.38995
Next 15,000	0.34382	-	0.34382
Next 75,000	0.31925	-	0.31925
Next 165,000	0.29068	-	0.29068
Next 330,000	0.25711	-	0.25711
Over 600,000	0.22854	-	0.22854
205 Outdoor Gas Light Service			
Per Fixture/Mo.	15.00	-	15.00

Piedmont Natural Gas Company, Inc.
South Carolina
Docket No. 2021-___-G, CNG Alternative Tax Credit Rate Decrement

	(a)	(b)	(c)
Rate Schedules:	February 2021 Current Billing Rates ¹	CNG Alt Tax Credit Rate Change	March 2021 Proposed Billing Rates
213 Large General Transportation Service			
Monthly Charge	250.00	-	250.00
Standby Demand per therm	0.45000	-	0.45000
Billing Demand per therm	0.82500	-	0.82500
Winter (Nov.-Mar.) per therm			
First 15,000	0.21923	-	0.21923
Next 15,000	0.15352	-	0.15352
Next 75,000	0.10739	-	0.10739
Next 165,000	0.06855	-	0.06855
Next 330,000	0.03011	-	0.03011
Over 600,000	0.00854	-	0.00854
Summer (Apr.-Oct.) per therm			
First 15,000	0.14495	-	0.14495
Next 15,000	0.09782	-	0.09782
Next 75,000	0.07025	-	0.07025
Next 165,000	0.04998	-	0.04998
Next 330,000	0.03011	-	0.03011
Over 600,000	0.00854	-	0.00854
214 Interruptible Transportation Service			
Monthly Charge	250.00	-	250.00
Winter (Nov.-Mar.) per therm			
First 15,000	0.23423	-	0.23423
Next 15,000	0.16352	-	0.16352
Next 75,000	0.12139	-	0.12139
Next 165,000	0.07175	-	0.07175
Next 330,000	0.03411	-	0.03411
Over 600,000	0.00854	-	0.00854
Summer (Apr.-Oct.) per therm			
First 15,000	0.15995	-	0.15995
Next 15,000	0.10782	-	0.10782
Next 75,000	0.08425	-	0.08425
Next 165,000	0.05318	-	0.05318
Next 330,000	0.03411	-	0.03411
Over 600,000	0.00854	-	0.00854

1/ The rates in Column (a) are the same as those shown in the Company's Etariff filing revision #E2021-4 (version 38), rates effective beginning January 1, 2021.

2/ The rates convert 1.26 therms to 1 GGE.

EXHIBIT B

SOUTH CAROLINA RATES AND CHARGES

Residential and Commercial

Residential Service - Rate 201

Monthly Charge		Rate Per Therm	
November - March	\$ 10.00	November - March	\$ 0.84579
April - October	\$ 8.00	April - October	\$ 0.78915

Small General Service - Rate 202

Monthly Charge	\$ 22.00	Rate Per Therm	
		November - March	\$ 0.71934
		April - October	\$ 0.70555

Medium General Service - Rate 252

Monthly Charge	\$ 75.00	Rate Per Therm	
		November - March	\$ 0.69355
		April - October	\$ 0.67976

Natural Gas Vehicle Fuel Service - Rate 242

Rate Per Therm		Rate Per GGE **
November - March	\$ 0.18141	\$ 0.22858 **
April - October	\$ 0.18141	\$ 0.22858 **

Compression Charge of \$0.50 per therm (maximum)

Experimental Motor Vehicle Fuel Service - Rate 243

Monthly Charge depends on the customer-specific corresponding Rate Schedule
Rate Per Therm depends on the customer-specific corresponding Rate Schedule
Compression Charge, if applicable, is \$0.50 per therm (maximum)

Outdoor Gaslight Service - Rate 205

Monthly Charge	\$ 15.00
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** The Company may bill in units of Gasoline Gallon Equivalent ("GGE") for gas service provided at the Company's Premises under Rate 242. The rates above convert 1.26 Therms to 1 GGE.

Docket No. 2021-___-G
Order No. 2021-___

Directive Issued:
Effective: March 1, 2021

SOUTH CAROLINA RATES AND CHARGES

Industrial

Large General Sales Service - Rate 203

Monthly Charge			\$	250.00	
Demand Charge (monthly per peak day therm usage)			\$	1.12500	
Rate Per Therm					
	<u>November - March</u>			<u>April - October</u>	
	First 15,000	\$	0.44923	First 15,000	\$ 0.37495
	Next 15,000	\$	0.37952	Next 15,000	\$ 0.32382
	Next 75,000	\$	0.33199	Next 75,000	\$ 0.29485
	Next 165,000	\$	0.29325	Next 165,000	\$ 0.27468
	Next 330,000	\$	0.23711	Next 330,000	\$ 0.23711
	Over 600,000	\$	0.20854	Over 600,000	\$ 0.20854

Interruptible Sales Service - Rate 204

Monthly Charge			\$	250.00	
Rate Per Therm					
	<u>November - March</u>			<u>April - October</u>	
	First 15,000	\$	0.46423	First 15,000	\$ 0.38995
	Next 15,000	\$	0.39952	Next 15,000	\$ 0.34382
	Next 75,000	\$	0.35639	Next 75,000	\$ 0.31925
	Next 165,000	\$	0.30925	Next 165,000	\$ 0.29068
	Next 330,000	\$	0.25711	Next 330,000	\$ 0.25711
	Over 600,000	\$	0.22854	Over 600,000	\$ 0.22854

Large General Transportation Service - Rate 213

Monthly Charge			\$	250.00	
Demand Charge (monthly per peak day therm usage)			\$	0.82500	
Standby Sales Service Charge (monthly per peak day therm usage)			\$	0.45000	
Rate Per Therm					
	<u>November - March</u>			<u>April - October</u>	
	First 15,000	\$	0.21923	First 15,000	\$ 0.14495
	Next 15,000	\$	0.15352	Next 15,000	\$ 0.09782
	Next 75,000	\$	0.10739	Next 75,000	\$ 0.07025
	Next 165,000	\$	0.08855	Next 165,000	\$ 0.04998
	Next 330,000	\$	0.03011	Next 330,000	\$ 0.03011
	Over 600,000	\$	0.00854	Over 600,000	\$ 0.00854

Interruptible Transportation Service - Rate 214

Monthly Charge			\$	250.00	
Rate Per Therm					
	<u>November - March</u>			<u>April - October</u>	
	First 15,000	\$	0.23423	First 15,000	\$ 0.15995
	Next 15,000	\$	0.16352	Next 15,000	\$ 0.10782
	Next 75,000	\$	0.12139	Next 75,000	\$ 0.08425
	Next 165,000	\$	0.07175	Next 165,000	\$ 0.05318
	Next 330,000	\$	0.03411	Next 330,000	\$ 0.03411
	Over 600,000	\$	0.00854	Over 600,000	\$ 0.00854

SOUTH CAROLINA RATES AND CHARGES

Miscellaneous Fees And Charges

Schedule For Limiting And Curtailing Service - Rate 206

Emergency Service Rate Per Therm	\$ 1.00	In addition to commodity prices as defined in Rate Schedule 206, Rate For Emergency Service.
Unauthorized Over Run Penalty Per Therm	\$ 2.50	In addition to commodity prices as defined in Rate Schedule 206, Rate For Emergency Service.

Reconnect Fees

February Through August	\$ 40.00
September Through January	\$ 60.00

Returned Check Charge

Returned Check Charge	\$ 25.00
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Governmental Taxes and Fees

Customers shall also pay all applicable taxes, fees and assessments levied by governmental authorities having jurisdiction.

Docket No. 2021-__-G
Order No. 2021-__

Directive Issued:
Effective: March 1, 2021